

IN THE SENATE OF THE UNITED STATES.

MAY 27, 1896.—Ordered to be printed.

Mr. LODGE, from the Committee on Foreign Relations, submitted the following

REPORT:

[To accompany S. 3230.]

The Committee on Foreign Relations, to whom was referred the bill (S. 1187) to provide for the reorganization of the consular and diplomatic service, submit the following report:

The following report was made by Mr. Morgan on February 6, 1895, to accompany this bill when it was reported to the Senate at that time. It covers entirely all the essential points in regard to the proposed reorganization:

The consular service of the United States, like that of other nations, developed gradually out of the necessities of commerce and the willingness of merchants in foreign countries to represent other governments than their own and to discharge certain fiscal and other duties for the sake of the fees to be collected for such services. While the other great commercial nations of the world have at intervals down to recent times been active in the improvement of their consular service, in order to meet satisfactorily the exigencies of a steadily increasing competition in international trade, the consular system of the United States has remained practically unchanged since the time it was called into existence on a small scale by the acts of July 1, 1790, and of April 14, 1792, and kept alive by a number of subsequent unimportant acts.

The act "to remodel the diplomatic and consular system" of March 1, 1855, is entitled to be regarded as an improvement only so far as it slightly enlarged the service and corrected certain abuses therein by a closer supervision of the fees. It in no way, however, effected a change in the principle of consular representation or in the system of appointment. Apart, therefore, from the act of June 20, 1864, which provided for the establishment of a small body of thirteen consular clerks with a permanent tenure of office, a measure which at its inception was intended to form the nucleus of an entire reform of the service on that basis, this institution, so important to our foreign trade, has suffered the oversight and indifference of Congress.

This neglect is the more striking and the less excusable when our foreign trade of half a century ago is contrasted with that of to-day. In 1850 the combined value of our imports and domestic exports amounted to \$308,409,759; in 1893 it reached the figure of \$1,697,431,707. But notwithstanding these present vastly increased and far more intricate commercial relations indicated by these figures, no step whatever to increase the efficiency of the consular service, to which the direction and fostering of these relations are intrusted, has been taken. That this has entailed a great loss annually to our foreign trade can not be questioned; that there is also an urgent necessity to correct this want of efficiency is equally apparent.

Even more applicable to the industrial and commercial conditions of to-day, but with reference to those of a decade ago, Secretary Frelinghuysen said in 1884:

"Until recently the demands of Europe, which consumed the greater portion of our exports, and the condition of the producing countries, were such as to give us control in the supply of certain products, such as breadstuffs, provisions, cotton,

petroleum, etc. The demands of Europe for all these products, and of the other continents for petroleum especially, were so positive, and our producing conditions so favorable, as to give us practically a monopoly for their supply.

"These conditions of international demand and supply are undergoing radical changes, which the near future will intensify.

"The efforts which have been made and which are being made by Europe to enlarge the field of supply in the above-mentioned products, aided by the ambition which prevails in all countries for the development of natural and artificial resources to meet their own wants and to supply the wants of others, have resulted in awakening competition for the supply even of those products which we have heretofore controlled. It is true that thus far this competition has not affected our trade to any appreciable extent, but the desire for development which is now abroad, and the ambition which prevails to increase the production (outside of the United States) of the foregoing articles, render consular supervision of absolute importance. *The complex commercial relations and industrial interests which now prevail in Europe have originated hostility to American products in many countries, and afford additional reasons for the enlargement and perfection of the consular service.*"¹

In 1888 Mr. Cleveland, in his message to Congress, expresses himself to the same effect when he says: "The reorganization of the consular service is a matter of serious importance to our national interests," and in 1893 he again refers to the subject as follows:

"During my former administration I took occasion to recommend a recast of the laws relating to the consular service, in order that it might become a more efficient agency in the promotion of the interests it was intended to subserve. The duties and powers of consuls have been expanded with the growing requirements of our foreign trade. Discharging important duties affecting our commerce and American citizens abroad, and in certain countries exercising judicial functions, these officers should be men of character, intelligence, and ability."

In addition to these expressions from a high official source, the necessity of a reform has been recognized by men of letters, eminent statesmen, journalists, and important boards of trade of this country.

It must be admitted that the present management of our foreign service is burdened with many drawbacks to its efficacy by considerations that relate to domestic politics. Partisan policy, when strictly carried out in making appointments in our foreign service, has no other meaning than that the consular offices are primarily regarded as rewards for political services. The real capacity and usefulness of a consul is too often a secondary consideration.

This important and indispensable part of the machinery by which our foreign intercourse is conducted is often employed to pension political favorites. That to subserve the interests of the service ought to be the sole end in view in the selection of incumbents can not be disputed. To consider the offices merely as sources from which these partisan officeholders may derive four years of maintenance is as absurd as it would be to construct a navy to defend the country and to intrust its command to landsmen without experience for whom we might desire to provide a living and comfortable quarters.

Such a purpose, or one not more gratifying, has often been put into practice in our diplomatic and consular service. To protect and promote in time of peace our varied foreign interests through the agency of a trained personnel is not a less-important subject for legislative consideration and provision than in time of war to defend them by the most efficient means at our command.

The object of this act is to provide a system by which persons shall be trained for the duties of the consular service, so that they shall be able to perform them in the best possible way at a reasonable expense to the Government. That this can not be obtained without removing the selection of persons for this service from the control of party politics is shown by our experience, if any proof were required to establish a conclusion so entirely true and indisputable.

Fitness of the candidate, permanency of tenure during good behavior, and an impartial method of selection and to govern promotion as reward for efficiency are the principles on which a useful consular service can alone be based, with an expectation of the best results.

Under our present system a consular or diplomatic officer has no sooner familiarized himself with the duties of his office and begun to acquire a knowledge of its business and fitness for his duties than he is removed to make room for another novice, who is likewise superseded as soon as his experience begins to enable him to discharge the duties of his office to the satisfaction of himself and others. Thus, in one generation the same post is frequently filled by a number of men, who are successively displaced as soon as they have learned to transact the business of their offices with something of professional knowledge and skill.

¹ Communication of the Secretary of State to the President, March 20, 1884.

This system is not only unjust to the people, but it is equally unjust to the agents, who are thrown back upon their own resources just at the time when a three or four years' preparation has fitted them to devote their energies and capacity with advantage to the foreign service.

To compete successfully with the agents of foreign powers, and to conduct advantageously the political and commercial affairs of our own country, the appointee to this service should be familiar not only with the laws, customs, industries, manufactures, and natural products of our own land, but they should be instructed in the laws, pursuits, language, the contributions to commerce, and the character of the people to whom they are accredited. To this should be added a competent knowledge of the law of nations and of commercial law. As long as these officers are transferred from pursuits and associations which have no connection with commerce or the foreign service, however able and skillful they may be in other things, they can not possess the special knowledge and skill which will render their labors either useful or creditable to the consular service.

The foreign service of European governments for many years has been the object of careful solicitude on their part. An outline statement of them will better enable us to understand the disadvantage we suffer from a defective system.

The French consular service is composed of—

40 consuls-general, at a salary each.....	\$3, 600
50 consuls of the first class, each.....	2, 800
80 consuls of the second class, each.....	2, 000
100 vice-consuls.....	1, 400
24 pupil consuls.....	800

The conditions for admission to the diplomatic and consular service of France are prescribed in a decree of October 15, 1892, and, to show how important France considers its foreign service, attention is called to the fact that over thirty decrees have been issued since 1880 tending to perfect the system.

The pupil consuls are appointed by the minister of foreign affairs. They can only be drawn from the body of attachés on probation who have passed a competitive examination for admission into the service and who have served not less than one year in the home office.

Before being assigned to a diplomatic or consular post they are required to spend at least one year at one of the principal chambers of commerce, where they are to acquire a thorough knowledge of the methods and needs of commerce, and whence they must send the minister periodical reports on the trade of the district. After three years of service, half of which time must be rendered abroad, the pupil consul becomes eligible for vice-consul, and after a service of three years in each subsequent grade he becomes eligible for promotion to a higher one.

Candidates for admission in the French diplomatic and consular service must be under 27 years of age and must have taken a collegiate degree in law, science, or letters, or must have passed certain other examinations, or be the holders of commissions in the army or navy.

The examination for entrance into the service is either written or oral, as may be required.

The written test consists of a composition on public and private international law and a translation into French from English and German, which is dictated. Those candidates who aspire to the diplomatic career are to write also a composition on a subject of diplomatic history that occurred since 1648; those destined for the consular service must write a composition on a subject of political economy or of political and commercial geography.

Those whose papers are sufficiently creditable in the opinion of the examiners to warrant their going any further are then subjected to a public oral examination on public and private international law, political and commercial geography, political economy, and a conversation in English and German. Candidates for the diplomatic career are further examined orally in diplomatic history since 1648, and candidates for the consular service are examined on maritime and customs laws.

The French foreign service is under very strict discipline, and for misconduct or inefficiency there are the following penalties:

- (1) Reprimand.
- (2) Withholding a part of the salary, not exceeding one-half thereof and not for a longer period than two months.
- (3) Suspension from the service without salary for two or more years.
- (4) Dismissal.

The last three penalties are imposed by the minister of foreign affairs, with the consent of the council of directors, and after a written or oral hearing of the party under censure.

In addition to their regular salaries, the French consular officers are entitled to

traveling expenses and allowances for house and office rent, and for entertaining where it is necessary.

Such a course of training and discipline must produce thorough efficiency; and the generous rewards given for faithful and profitable service must encourage a good class of men to adopt such employment as a profession to which all their energies and abilities are industriously devoted. The permanency of employment, during good behavior, gives confidence to the officer and constantly increasing benefit to the Government.

The British system of regulations for the admission of applicants to the consular service are as follows:

"Persons selected for the consular service, whenever the circumstance of their being resident in England, on their first appointment, or of their passing through England on their way to take up such first appointment, may admit of their being subject to examination, will be expected to satisfy the civil-service commissioners—

"(1) That they have a correct knowledge of the English language, so as to be able to express themselves clearly and correctly in writing.

"(2) That they can write and speak French correctly and fluently.

"(3) That they have a sufficient knowledge of the current language, as far as commerce is concerned, of the port at which they are appointed to reside, to enable them to communicate directly with the authorities and natives of the place; a knowledge of the German language, being taken to meet this requirement for ports in northern Europe; of the Spanish or Portuguese language, as may be determined by the secretary of state, for ports in Spain, Portugal, Morocco, and South or Central America; and of the Italian language for ports in Italy, Greece, Turkey, Egypt, and on the Black Sea or Mediterranean, except those in Morocco or Spain.

"(4) A sufficient knowledge of British mercantile and commercial law to enable them to deal with questions arising between British shipowners, shipmasters, and seamen. As regards this head of examination, candidates must be prepared to be examined in 'Smith's Compendium of Mercantile Law.'

"(5) A sufficient knowledge of arithmetic for the nature of the duties which consuls are required to perform in drawing up commercial tables and reports. As regards this head of examination, candidates must be prepared to be examined in Bishop Colenso's Arithmetic.

"Moreover, all persons on their first nomination to consulships, and after having passed their examination before the civil service commissioners, will be required, as far as practicable, to attend for at least three months in the foreign office, in order that they may become acquainted with the forms of business as carried on there.

"Limit of age for candidates, 25 and 50, both years inclusive. (Fee for examination, £1 to £6.)"

Mr. Henry White, formerly secretary of legation at London, in an article contributed to the *North American Review*, makes the following instructive statements concerning the British consular service:

"The British service was established in its present form by act of Parliament in 1825 (6 Geo. IV, cap. 87). Up to that time its members had been appointed, on no regular system, by the King, and were paid from his civil list. This act placed the service under the foreign office, and provided for its payment out of funds to be voted by Parliament. Since then it has been the subject of periodical investigation by royal commissions and Parliamentary committees, with a view to the improvement of its efficiency. The evidence taken on these occasions is published in voluminous blue books, the perusal of which I recommend to those interested in the reform in our service.

"Appointments are made by the secretary of state for foreign affairs. Candidates must be recommended by some one known to him, and their names and qualifications are thereupon entered on a list, from which he selects a name when a vacancy occurs. The candidate selected, whose age must be between 25 and 50, is then required to pass an examination before the civil service commissioners.

"The salaries of British consular officers are fixed, under the act of Parliament of July 21, 1891 (54 and 55 Vict., cap. 36), by the secretary of state, with the approval of the treasury, and no increase can be made in any salary without the approval of the latter. They average about £600 (\$3,000) a year, but, of course, some of the important posts are much more highly paid, the salary of the consul-general at New York being £2,000 (nearly \$10,000), with an office allowance besides of £1,660, and a staff consisting of a consul at £600 and two vice-consuls at £400 and £250, respectively; that of the consul at San Francisco, £1,200 (nearly \$6,000), with an office allowance of £600 besides.

"British consular officials are retired at the age of 70 with a pension.

"There is also an unpaid branch of the service, consisting chiefly of vice-consuls, appointed at places which are not of sufficient importance to merit a paid official. They are usually British merchants, but may be foreigners. They are not subjected to an examination, and are rarely promoted to a paid appointment.

"Consular clerks are required to pass an examination in handwriting and orthography, arithmetic, and one foreign language (speaking, translating, and copying)."

Mr. White through a series of years was our secretary of legation at London, and is thoroughly informed on the subject of consular duties and the acquirements that are essential to an efficient and respectable service. His approval of the plan adopted in this bill for the reformation of our consular system and service is a strong recommendation of its future advantages.

In Germany persons are appointed to the office of consular chancellor who have passed their examinations as "referendary," a title which requires graduation at a German university and requires a thorough knowledge of law, political science, statistics, etc. The chancellor of the consulate is promoted gradually until he reaches the rank of consul-general.

As a rule the personnel of our consular establishment is not in unfavorable contrast with that of the leading European States as to intelligence and sagacity; but our consuls have not usually the liberal education characteristic of the consular representatives of the great European States, nor are they so well informed as to commerce and its great variety of contributory pursuits, or with the exact business methods employed in conducting the commerce of the leading nations. This seems to be our point of most serious deficiency.

It is proper, and may be necessary, that the laws should designate the places at which consulates are established, but discretion should be given to the President to send consuls to other places, at least temporarily, to meet the demands of trade and intercourse that may arise in new and unexpected quarters. Especially is this necessary in cases where other countries are engaged in war, and a sudden emergency calls for the protection of our citizens in places which are not designated by law as the location of consular establishments.

But the laws should not designate the individual who is to be the consul at any particular locality. That matter should be left to the discretion of the President, so that he can at all times have the right man at the right place, to meet any demand of trade, or to secure the adequate protection of the persons and property of our citizens in any emergency, or for any public reason.

The arrangement of the fixed residences of consuls of the several classes is not attempted in this bill. The laws and the practice of the Department of State are, for the present at least, a sufficient guide in that matter.

The President should, however, be left free in his authority to send a consul of any class to any consulate when he may consider that the demands of the public service require such transfers.

The reasons for such a provision of law are many and cogent, and they are so obvious as not to require any elaboration in this report. They relate as well to the fitness of consular officers for the particular duties of the occasion as to their usefulness because of their experience as to the condition of the people, the trade, and the language of the particular locality where their services are required.

The consular establishments thus mobilized would soon show a great growth in useful knowledge of the affairs of various parts of foreign countries, and our trade with many foreign countries would be greatly increased and rendered more secure.

The following statements, showing the present condition of our consular service, will show that the change in the organization of the system will add materially to the revenue derived from that source, without a material increase of the expenditures:

Expenditures for salaries of consular officers and amount of compensation in fees, where the officer has no salary, for the year 1894.

26 consuls-general (not including those also commissioned ministers resident)	\$98,000.00
188 salaried consuls.....	371,500.00
11 salaried commercial agents.....	22,000.00
13 salaried consular clerks.....	15,000.00
62 feed consuls (personal perquisites in official fees).....	36,152.85
33 feed commercial agents (personal perquisites in official fees).....	36,505.53
Notarial and unofficial fees retained by consular officers as personal perquisites (lowest estimate).....	250,000.00
333 Total	829,158.38

Officers of the diplomatic service embraced in this bill.

6 secretaries of embassy.....	\$13,875.00
17 secretaries of legation.....	31,975.00
23 Total	45,850.00

According to the Annual Report of the Fifth Auditor of the Treasury for the year ended June 30, 1894—

The expenses for last year of the consular service were	\$1,055,417.43
The consular fees received for official services were	758,410.81
Excess of expenditures over receipts.....	297,006.62

This excess of expenses is larger than it has been for ten years. In 1893 it only amounted to \$96,042. The difference is not due to an increase of expenditures, but, no doubt, may be found to a great extent in the changes of our tariff laws. This excess, though larger than customary, is, after all, a small sum when considered with reference to the important purposes for which it is disbursed, and, with the payment into the Treasury of the unofficial fees, as proposed under this bill, it is likely to be greatly reduced, if not changed into a balance in favor of the income from that source.

The entire excess of expenditures for salaries in the Department of State and in the diplomatic and consular service over the receipts amounts to only \$615,909.19, the smallest amount expended by any of the great powers of the world. The expenditures of the foreign service of Great Britain, Russia, Germany, Italy, and Spain exceed this amount by very considerable figures, and the report of the ministry of foreign affairs of France for the year 1893 shows only \$240,000 receipts and \$3,266,960 expenditures, a sum almost double that expended by the United States, including even the incidental and contingent expenses of the consular and diplomatic service of the latter country.

This bill adopts the principle of permanent official tenure, so far as the laws can control that subject, but permanent only as it is of benefit to the service. It leaves the power of removal from office to the discretion of the President. The position of each employee of the service is protected against the uncertain and demoralizing effects of changes for merely political reasons in the administration of the Government as far as Congress can control the subject. But this protection is as necessary in practice for efficient work as it is just in theory, and if the plan is adopted of appointing consuls after they are found to be qualified for the respective classifications of the consular service they will seldom, if ever, be dropped from the service for the purpose of supplying their places with political favorites.

The required examination for appointment and promotion creates an impediment in the way of those who may demand office as a reward for political partisanship, without having adequate knowledge of the duties of this peculiar branch of the public service.

Each consul must, on frequent occasions, be the judge of his proper line of action without aid or direction from the minister to whom he is required to report or from the Department of State. In such cases it is requisite to the honor and security of the Government that the consul should be well informed as to his duties.

The right of the President to select from the whole body of consuls any man for any place he may prefer, and to assign him to such place for duty, and to transfer him at pleasure to another place, is the full equivalent of the power of appointment to a particular office.

These functions are to be exercised in foreign countries, for the most part distant from the United States, and disconnect the incumbents from participation in our home politics.

In so far as they may be given as rewards for party services, they are a sort of pension system for men who have not been successful in getting offices at home or who have failed of success in the usual channels of business.

The consular system should be based upon the plan of personal qualification for its important and peculiar duties, ascertained by the examination and experience of those employed in it, rather than upon the plan of selecting those for this service who have failed in other pursuits or those who desire to go abroad for purposes of travel, recreation, or amusement.

This is the only branch of the public service that has been used, to any great extent, for the gratification of the incumbents, without regard to their capacity to render efficient service to the country, and it is time that our policy in respect of these offices was changed.

Taken in the aggregate, there is no class of representatives of our Government who can so seriously affect our commerce with other countries, in their actual and direct conduct and dealings, as our consuls and commercial agents.

We should encourage our best classes of people to qualify themselves for this important service by giving them just compensation for their work and by securing them in these offices during good behavior.

They have much to do with the dignity of our Government, its credit in foreign lands, the honor of its flag, and the safety of its citizens.

Since Mr. Morgan made the report just given a portion of the consular service has been classified in accordance with an Executive order, which is as follows:

EXECUTIVE ORDER.

It being of great importance that the consuls and commercial agents of the United States shall possess the proper qualifications for their respective positions, to be ascertained either through a satisfactory record of previous actual service under the Department of State or through an appropriate examination:

It is hereby ordered that any vacancy in a consulate or commercial agency now or hereafter existing, the salary of which is not more than \$2,500 nor less than \$1,000, or the compensation of which, if derived from official fees, exclusive of notarial and other unofficial receipts, does not exceed \$2,500 nor fall below \$1,000, shall be filled (a) by a transfer or promotion from some other position under the Department of State of a character tending to qualify the incumbent for the position to be filled; or (b) by appointment of a person not under the Department of State but having previously served thereunder to its satisfaction in a capacity tending to qualify him for the position to be filled; or (c) by the appointment of a person who, having furnished the customary evidence of character, responsibility, and capacity, and being thereupon selected by the President for examination, is found upon such examination to be qualified for the position.

For the purposes of this order notarial and unofficial fees shall not be regarded, but the compensation of a consulate or commercial agency shall be ascertained, if the office is salaried, by reference to the last preceding appropriation act, and if the office is not salaried, by reference to the returns of official fees for the last preceding fiscal year.

The examination hereinbefore provided for shall be by a board of three persons designated by the Secretary of State, who shall also prescribe the subjects to which such examinations shall relate and the general mode of conducting the same by the board.

A vacancy in a consulate will be filled at discretion only when a suitable appointment can not be made in any of the modes indicated in the second paragraph of this order.

GROVER CLEVELAND.

EXECUTIVE MANSION, *September 20, 1895.*

It will be seen that this provides only partially for the consular service and does not diminish the need of the comprehensive reorganization proposed by the accompanying bill; in fact the scheme proposed in the bill is an extension of that established by the Executive order, and gives not only complete reorganization but the authority of law to the classification, which now rests merely on a departmental order.

